

Public Hearing – February 26, 2019
Energy and Technology Committee

Testimony Submitted by Commissioner Katie S. Dykes

H.B. 7155 – An Act Concerning Consumer Protections for Customers of Electric Suppliers

Thank you for the opportunity to present testimony regarding House Bill No. 7155 – AAC Consumer Protections for Customers of Electric Suppliers. The purpose of this bill is to add consumer protection requirements for electric suppliers regarding telesales calls and face-to-face marketing, permit the Public Utilities Regulatory Authority to order restitution for customers, and prohibit the assignment or transfer of customers without prior approval of the authority.

The Department of Energy and Environmental Protection (DEEP) **SUPPORTS** this bill because it complements past legislative efforts in this area. Many, but not all, suppliers record telesales calls, and some may record door-to-door sales, but there is no legal requirement for them to do so. Those recorded calls have given PURA invaluable insight into trends in sales tactics that telesales agents engage in. Recorded sales are routinely requested through discovery by PURA and OCC when a supplier is under investigation for deceptive sales practices, and they provide insights into whether a particular supplier has effectively managed its telesales force to ensure legal compliance. Several recent investigations have revealed sales tactics that various subsections of Section 2 of this bill address. The recordings also allow PURA to determine if a particular sale was conducted in accordance with statute and therefore whether the contract is enforceable or void for lack of legal compliance.

While there have been several iterations of effective consumer protection legislation passed since the creation of this market, unfortunately deceptive sales practices remain commonplace. Bill redesign to provide transparency has proven expensive and difficult to implement, and with the growth of e-billing and autopay many consumers don't look at their bills to see what they are paying. Enforcement of existing consumer protections can be time consuming and resource intensive, which compromises PURA's ability to effectively deter abusive practices in the retail supplier market. Without restitution authority, PURA is unable to make whole the customers harmed by such abusive practices.

The promise of retail choice was improved transparency, consumer control, more diverse choices and cost savings for consumers. DEEP has been encouraged to see some suppliers bringing innovation to the marketplace, to engage consumers in controlling their energy use and costs. But far too many sales are still consummated illegally through misrepresentation, slamming, and targeting of the elderly, disabled, or non-English speaking populations.

Limited income customers are especially vulnerable to unnecessarily high rates, which can lead to service shut-offs for those who cannot afford to pay. Significantly, uncollectible accounts from customers being overcharged for electric generation who cannot pay their bills are passed on to all electric customers, raising rates for everyone. While electric suppliers pay a portion of an electric distribution companies' uncollectible accounts, they do not bear the full risk of

charging a customer an unaffordable rate. DEEP looks forward to working with the Committee to examine this issue further, and encourages consideration of measures to, at a minimum, prevent medical and financial hardship customers from paying more than the standard service rate.

Another longstanding issue is a lack of transparency in marketed “green” or “clean” options for electric supply. Although suppliers are statutorily required to provide information regarding the type and location of the “clean” energy they are offering, the information provided often lacks the detail necessary for a consumer to make an informed choice. Consumers may therefore be paying an unnecessary premium for a product that actually has little value. Moreover, vague labeling dilutes the incentive for the competitive market to offer impactful choices to customers wanting to purchase cleaner supply options.

In sum, DEEP supports the measures in this bill, which provides important oversight and enforcement tools for PURA.

Thank you for the opportunity to present testimony on this proposal. Should you have any questions, please do not hesitate to contact Mandi Careathers, the Department’s legislative liaison, at Mandi.Careathers@ct.gov.